

## 9658 Budget Stabilization Account

Proposition 58, as approved by the voters in March of 2004, established the Budget Stabilization Account (BSA), and requires the State Controller to transfer a specified percentage of estimated General Fund revenues from the General Fund to the BSA. The Legislature may transfer, by statute, amounts in excess of the specified percentage to the BSA. In addition, the Governor, by executive order, may suspend the transfer to the BSA. Half of the funds transferred to the BSA will be used to retire Economic Recovery Bonds authorized in Proposition 57 (March 2004).

| FUNDING                                | 2005-06*   | 2006-07*   | 2007-08*    |
|--|------------|------------|-------------|
| 0001 General Fund                      | \$-        | \$471,770  | \$1,023,005 |
| 1011 Budget Stabilization Account      | -          | -471,770   | -1,023,005  |
| <b>TOTALS, EXPENDITURES, ALL FUNDS</b> | <b>\$-</b> | <b>\$-</b> | <b>\$-</b>  |

### LEGAL CITATIONS AND AUTHORITY

#### PROGRAM AUTHORITY

Section 20, Article XVI of the Constitution of the State of California.

Control Section 35.50, Budget Act.

### MAJOR PROGRAM CHANGES

- The Governor's Budget reflects a \$2.046 billion General Fund transfer to the Budget Stabilization Account as required by Article XVI, Section 20, of the State Constitution. \$1.023 billion is displayed as an expenditure transfer and \$1.023 billion is displayed as a revenue transfer.

### DETAILED BUDGET ADJUSTMENTS

|   | 2006-07*     |             |           | 2007-08*         |                   |           |
|---|--------------|-------------|-----------|------------------|-------------------|-----------|
|   | General Fund | Other Funds | Positions | General Fund     | Other Funds       | Positions |
| <b>Baseline Adjustment Descriptions</b>   |              |             |           |                  |                   |           |
| • Transfer to the Proposition 58 Budget Stabilization Account for the Accelerated Retirement of Economic Recovery Bonds | \$-          | \$-         | -         | \$551,235        | -\$551,235        | -         |
| <b>Totals, Baseline Adjustments</b>   | <b>\$-</b>   | <b>\$-</b>  | <b>-</b>  | <b>\$551,235</b> | <b>-\$551,235</b> | <b>-</b>  |
| <b>TOTALS, BUDGET ADJUSTMENTS</b>   | <b>\$-</b>   | <b>\$-</b>  | <b>-</b>  | <b>\$551,235</b> | <b>-\$551,235</b> | <b>-</b>  |

### PROGRAM DESCRIPTIONS (Program Objectives Statement)

Proposition 58, as passed by the voters March 2, 2004, established the Budget Stabilization Account (BSA) and requires the Controller to transfer a specified percentage of General Fund revenues, no later than each September 30, from the General Fund to the BSA as follows:

- For fiscal year 2006-07, one percent of estimated General Fund revenues.
- For fiscal year 2007-08, two percent of estimated General Fund revenues.
- Annually thereafter, three percent of estimated General Fund revenues.

Additionally, the Legislature may, by statute, direct the Controller to transfer into the BSA amounts in excess of the specified percentages. The Constitution also authorizes the Governor to reduce or suspend this transfer for any fiscal year by executive order prior to June 1 of the preceding fiscal year. The transfer of moneys is not required in any fiscal year to the extent that the balance in the BSA would exceed five percent of the General Fund revenues estimate set forth in the budget bill for that fiscal year, as enacted, or eight billion dollars (\$8,000,000,000), whichever is greater. In each fiscal year, 50 percent of the funds transferred to the BSA, up to \$5,000,000,000 in the aggregate, is to be deposited in the Deficit Recovery Bond Retirement Sinking Fund Subaccount and continuously appropriated to the Treasurer to supplement the retirement of Economic Recovery Bonds approved by the voters at the same election. Other funds in the BSA may be transferred back to the General Fund by statute.

### DETAIL OF APPROPRIATIONS AND ADJUSTMENTS (Reconciliation with Appropriations)

| 4 UNCLASSIFIED  | 2005-06* | 2006-07*  | 2007-08*    |
|---|----------|-----------|-------------|
| <b>0001 General Fund</b>  |          |           |             |
| APPROPRIATIONS  |          |           |             |
| Proposition 58, 2004 Article XVI, Section 20 (Transfer to Budget Stabilization Account) | -        | \$471,770 | \$1,023,005 |

\* Dollars in thousands, except in Salary Range.

## 9658 Budget Stabilization Account - Continued

| 4 UNCLASSIFIED  | <u>2005-06*</u> | <u>2006-07*</u>   | <u>2007-08*</u>     |
|---|-----------------|-------------------|---------------------|
| <b>TOTALS, EXPENDITURES</b>                           | \$-             | \$471,770         | \$1,023,005         |
| <b>1011 Budget Stabilization Account</b>              |                 |                   |                     |
| APPROPRIATIONS  |                 |                   |                     |
| Less Funding Provided by the General Fund             | -               | -\$471,770        | -\$1,023,005        |
| <b>TOTALS, EXPENDITURES</b>                           | <u>\$-</u>      | <u>-\$471,770</u> | <u>-\$1,023,005</u> |
| <b>TOTALS, EXPENDITURES, ALL FUNDS (Unclassified)</b> | \$-             | \$-               | \$-                 |

### FUND CONDITION STATEMENTS

|   | <u>2005-06*</u> | <u>2006-07*</u>   | <u>2007-08*</u>     |
|---|-----------------|-------------------|---------------------|
| <b>1011 Budget Stabilization Account <sup>s</sup></b>   |                 |                   |                     |
| BEGINNING BALANCE   | -               | -                 | \$471,770           |
| REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS  |                 |                   |                     |
| Transfers and Other Adjustments:  |                 |                   |                     |
| FO0001 From General Fund per Article XVI, Section 20 of the California Constitution   | -               | \$471,770         | 1,023,005           |
| TO3090 To Deficit Recovery Bond Retirement Sinking Fund Subaccount, BSA per Article XVI, Section 20(f) of the California Constitution | -               | -471,770          | -1,023,005          |
| Total Revenues, Transfers, and Other Adjustments  | <u>-</u>        | <u>-</u>          | <u>-</u>            |
| Total Resources   | -               | -                 | \$471,770           |
| EXPENDITURES AND EXPENDITURE ADJUSTMENTS  |                 |                   |                     |
| Expenditures:   |                 |                   |                     |
| 9658 Budget Stabilization Account (Unclassified)  | <u>-</u>        | <u>-471,770</u>   | <u>-1,023,005</u>   |
| Total Expenditures and Expenditure Adjustments  | <u>-</u>        | <u>-\$471,770</u> | <u>-\$1,023,005</u> |
| FUND BALANCE  | -               | \$471,770         | \$1,494,775         |
| Reserve for economic uncertainties  | -               | 471,770           | 1,494,775           |

\* Dollars in thousands, except in Salary Range.